



TIGER LEASING GROUP

May 8, 1978

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I.C.C. BR.
FEE OPERATION BR.

RECORDATION NO. 9382 Filed & Recorded

MAY 16 1978 -2 50 PM

INTERSTATE COMMERCE COMMISSION

New Number

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Secretary:

Please record this Lease Agreement under a new recordation number pursuant of the provisions of Section 20c of the Interstate Commerce Act, as amended, and the regulations of the Interstate Commerce Commission promulgated thereunder. I am enclosing herewith for filing and recording five (5) executed counter-parts of the Lease Agreement, dated as of April 5, 1978 between BameriLease, Inc., as Lessor, and NAC Leasing Corporation, as Lessee, covering certain Units identified in the Schedule appended to the Lease Agreement.

A check in the amount of \$50.00 in payment for the recordation fee is herewith enclosed.

The name and address of the Lessor is:

BameriLease, Inc.
555 California Street
San Francisco, California 94137

The name and address of the Lessee is:

NAC Leasing Corporation
222 South Riverside Plaza
Chicago, Illinois 60606

8-133477

MAY 16 1978

Date

Fee \$ 50

A general description of the equipment covered by the above identified Lease Agreement is as follows:

ICC Washington, D. C.

19 Rebuilt Locomotives as more fully described
in the Schedule appended to the Lease Agreement.

*Also please note the Cross indexing request
on next page to Cross index under 9355*

NAC LEASING CORPORATION

222 SOUTH RIVERSIDE PLAZA • CHICAGO, ILLINOIS 60606 U.S.A. • (312) 648-4141 • TELEX 255119

LEASE AGREEMENT

MAY 16 1978 -2 52 PM

~~INTERSTATE~~ COMMERCE COMMISSION

THIS LEASE AGREEMENT ("Lease") dated as of April 5, 1978, is between
BAMERILEASE, INC., a California corporation, with its principal office at 555
California Street, San Francisco, California ("Lessor") and NAC LEASING CORPORATION,
a Delaware corporation, with its principal office at 222 South Riverside Plaza,
Chicago, Illinois ("Lessee").

Lessor agrees to acquire and lease to Lessee and Lessee agrees to hire
from Lessor certain personal property (the "Units" and individually a "Unit") de-
scribed in the Schedule (the "Schedule") attached hereto and made a part hereof,
upon the terms and conditions hereinafter set forth:

Section 1. Procurement, Delivery and Acceptance.

1.1 Lessee agrees to lease from Lessor such Units as shall be delivered
to Lessor within 60 days of the expiration of the Lease Agreement, dated April 5,
1978 ("CNW Lease") between Lessor and Chicago and North Western Transportation Company;
provided, however, if the CNW Lease shall have been terminated pursuant to the pro-
visions of Section 6 of the CNW Lease, Lessor shall not be obligated to lease such
Units to Lessee; and provided further, that if the CNW Lease shall have been terminated
by reason of an Event of Default (as defined in the CNW Lease) then Lessor shall
not be obligated to lease such Units to Lessee pursuant to this Lease or any other
lease, unless Lessee shall have exercised its option (which Lessor hereby grants
to Lessee in the event of such termination of the CNW Lease) to lease the Units at
the same rental rate and on the same terms and conditions in the CNW Lease for the
period from the date of such termination until December 15, 1990.

1.2 Lessor shall deliver the Units to the Lessee at such place within
the continental United States as designated in Section 9 of the CNW Lease free and
clear, to the best of Lessor's knowledge, of any liens and encumbrances.

Lessee shall inspect the Units within five (5) days of delivery and if
the Units are found to have been maintained in accordance with the CNW Lease, the

Lessee shall execute and deliver to Lessor within five (5) days of the Delivery Date and dated as of the Delivery Date an Acceptance Supplement in the form attached hereto ("Acceptance Supplement") indicating with respect to each Unit that such Unit (i) has been accepted by Lessee as of the Delivery Date and (ii) has become subject to and governed by all the provisions of this Lease. Delivery Date shall be the date on which Lessee executes the Acceptance Supplement, which date shall in no event be later than five (5) days after delivery to Lessee of each Unit which has been found to have been returned in accordance with Section 9 of the CNW Lease.

Section 2. Term, Rent and Payment.

2.1 The term of this Lease as to each Unit shall commence on the Date of Delivery in respect thereof and continue as specified in the Schedule.

2.2 The rental for each Unit shall be in the amount set forth in the Schedule and shall be payable at the times set forth in the Schedule.

2.3 Rent and all other sums due Lessor hereunder shall be paid at the principal office of Lessor set forth above.

2.4 This Lease is a net lease and Lessee shall not be entitled to any abatement or reduction of rent or any setoff against rent, whether arising by reason of any past, present or future claims of any nature by Lessee against Lessor or otherwise. Except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the obligations of Lessor or Lessee be otherwise affected by reason of any defect in, damage to, loss of possession or use or destruction of any of the Units (except as such may be caused by act of Lessor) by the attachment of any lien, encumbrance, security interest or other right or claim of any third party to any Unit, by any prohibition or restriction of or interference with Lessee's use of the Unit by any person or entity, or by the insolvency of or the commencement by or against Lessee of any bankruptcy, reorganization or similar proceeding, or for any other cause, whether similar or dissimilar to the foregoing, any present

or future law to the contrary notwithstanding. It is the intention of the parties that all rent and other amounts payable by Lessee hereunder shall be payable in all events in the manner and at the times herein provided unless Lessee's obligations in respect thereof have been terminated pursuant to the express provisions of this Lease.

Section 3. Warranties.

3.1 LESSEE ACKNOWLEDGES AND AGREES (a) THAT LESSOR HAS NOT SELECTED ANY UNIT OR THE SIZE, DESIGN, CAPACITY OR MANUFACTURE OF ANY UNIT, (b) THAT LESSEE IS SATISFIED THAT THE SAME IS SUITABLE FOR ITS PURPOSES, (c) THAT LESSOR IS NOT A MANUFACTURER THEREOF NOR A DEALER IN PROPERTY OF SUCH KIND, and (d) THAT LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION OR WARRANTY OR COVENANT WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DESCRIPTION, DURABILITY OR SUITABILITY OF ANY SUCH UNIT IN ANY RESPECT OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE. Lessor hereby assigns to Lessee, to the extent assignable, any warranties, covenants and representations to which it may be entitled with respect to any Unit, provided that any action taken by Lessee by reason thereof shall be at the sole expense of Lessee and shall be consistent with Lessee's obligations pursuant to Section 2 hereunder.

Section 4. Possession, Use and Maintenance.

4.1 (a) Lessee shall not knowingly use, operate, maintain or store any Unit improperly or carelessly, nor, without the prior written consent of Lessor, permit any Unit to be removed from the location specified in the Schedule, and Lessee agrees for the benefit of the Lessor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with all lawful rules of the Department of Transportation, Interstate

or future law to the contrary notwithstanding. It is the intention of the parties that all rent and other amounts payable by Lessee hereunder shall be payable in all events in the manner and at the times herein provided unless Lessee's obligations in respect thereof have been terminated pursuant to the express provisions of this Lease.

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Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units and with all applicable interchange rules, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that prior to the expiration of this Lease or any renewal thereof, such laws or rules require any alteration, replacement or addition or modification of or to any part on any Unit, the Lessee will conform therewith at its own expense; provided, however, that Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of Lessor, adversely affect the property or rights of Lessor under this Lease.

(b) As long as Lessee shall not be in default under this Lease, Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease. Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance upon or with respect to any Unit, including any accession thereto, or the interest of Lessor or Lessee therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises, except that this covenant will not be breached by reason of any such lien, claim, security interest or encumbrance in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent; and, furthermore, the Lessee shall be under no obligation to discharge any such lien, claim, security interest or encumbrance so long as it is contesting the same in good faith and by appropriate legal proceedings and the failure to discharge the same does not, in the reasonable opinion of the Lessor, adversely affect the property or rights of the Lessor under the Lease.

(c) As long as Lessee shall not be in default under this Lease, the Lessee shall be entitled to sublease the Units, provided, however, Lessee shall give

Lessor notice of any such sublease within thirty (30) days of the date of the execution of any such sublease, and Lessee shall not assign or permit the assignment of any Unit to service involving the regular operation and maintenance thereof outside the continental United States. All subleases shall be subject and subordinate to the terms and provisions of this Lease and the interests of Lessee hereunder, and shall not in any way relieve Lessee of its obligations under the Lease.

4.2 Lessee shall at its sole expense at all times during the term of this Lease maintain the Units in good operating order, repair, and condition.

4.3 Lessee shall not, nor permit any sublessee to, alter any Unit or affix or install any accessory, equipment or device on any Unit, if such alteration or addition will impair the originally intended function or use or reduce the value of any such Unit. All repairs, parts, supplies, accessories, equipment and devices furnished, affixed or installed to or on any Unit shall thereupon become the property of Lessor. If no Event of Default has occurred and is continuing, Lessee, or any such sublessee, may remove at its expense any such accessories, equipment and devices at the expiration of the term with respect to such Unit, provided that such removal will not impair the originally intended function or use of such Unit.

4.4 Lessee will cause each Unit to be kept numbered with the identifying number set forth in the Acceptance Supplement applicable thereto, and keep and maintain, permanently, distinctly, and conspicuously marked on each side of each Unit in letters not less than one inch in height the words "Ownership subject to a Lease Agreement filed under the Interstate Commerce Act, Section 20C" or other appropriate words designated by Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's title to and property in such Unit and the rights of Lessor under this Lease. Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such legend shall have been so marked on both sides thereof and

will replace promptly any such legend which may be removed, defaced or destroyed. Lessee will not change the identifying number of any Unit unless and until a statement of new number or numbers to be substituted therefor shall have been filed with the Lessor and filed, recorded and deposited by Lessee in all public offices where this Lease shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Units may be lettered with the names or initials or other insignia customarily used by Lessee or its sublessees.

4.5 Upon prior notice to Lessee, Lessor shall have the right at all times convenient to Lessee to inspect any Unit and observe its use on Lessee's property at Lessor's expense and liability, except that Lessee shall be liable in the case of gross negligence or the intentional act of Lessee or its employees or agents for any injury to or the death of any person exercising, on behalf of Lessor, the rights of inspection granted under this section. Lessee shall obtain written permission from all sublessees for Lessor to inspect any Unit and observe its use on the property of any sublessee at Lessor's expense and liability, said permission to expressly state that sublessee shall be liable in case of gross negligence or intentional act of sublessee or its employees or agents for any injury to or death of any person exercising, on behalf of Lessor, the rights of inspection thereby granted.

Section 5. Taxes.

5.1 All payments to be made by Lessee hereunder will be free of expense to Lessor with respect to the amount of any local, state or federal taxes (other than any federal, state or city net income taxes or franchise taxes measured by net income based on such receipts, except any such tax which is in substitution

for or relieves Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, licence fees, assessments, charges, fines and penalties, together with any interest payable with respect thereto being hereinafter called "Impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which Impositions Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. Lessee will also pay promptly all Impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all Impositions which might in any way affect the title of Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any Impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the reasonable opinion of the parties or if the parties cannot agree, the reasonable opinion of an independent qualified counsel, adversely affect the title, property or rights of Lessor hereunder. If any Impositions shall have been charged or levied against Lessor directly and paid by Lessor, Lessee shall reimburse Lessor on presentation of an invoice therefor if, in the reasonable opinion of Lessor, Lessor shall have been legally liable with respect thereto or the Lessee shall have approved the payment thereof, and the Lessor agrees to give the Lessee written notice promptly after it first obtains knowledge of the making of such charge or levy, and agrees, after payment by Lessee in accordance with this paragraph, to take, at Lessee's expense, such other action as may reasonably be requested by the Lessee for the purpose of contesting payment or obtaining refund of all or a portion of such Imposition.

5.2 In the event any reports with respect to Impositions are required to be made, Lessee shall make such reports in such manner which in the reasonable opinion of Lessor shall be required.

Section 6. Risk of Loss; Waiver and Indemnity.

6.1 In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (any such occurrence being hereinafter called a "Casualty Occurrence") during the term of this Lease, Lessee shall promptly and fully notify Lessor with respect thereto. On the rental payment date next succeeding such notice Lessee shall pay to Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as defined in the Schedule) of such Unit as of the date of such payment as set forth in the Schedule. Upon the making of such payment by Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of loss, theft or complete destruction) Lessor shall be entitled, if it so elects, to recover possession of such Unit at its expense. Provided that Lessor has received the Casualty Value for any Unit, Lessee shall be entitled to the proceeds of any recovery in respect of such Unit whether from insurance or otherwise to the extent that they do not exceed the Casualty Value of such Unit, and any excess shall be retained by Lessor.

Except as hereinabove in this Section 6.1 provided, Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after the Delivery Date with respect to such Unit.

6.2 Lessee hereby waives and releases any claim now or hereafter existing against Lessor on account of, and agrees to indemnify, reimburse and hold Lessor harmless from, any and all claims (including, but not limited to, claims relating

to patent infringement and claims based upon strict liability in tort), losses, liabilities, demands, suits, judgments or causes of action, and all legal proceedings, and any costs or expenses in connection therewith, including attorneys' fees and expenses which may result from or arise in any manner out of the condition, use or operation of any Unit during the term hereof, or which may be attributable to any defect in any Unit, arising from the material or any article used therein or from the design, testing or use thereof, or from any maintenance, service, repair, overhaul or testing of any Unit regardless of when such defect shall be discovered, whether or not such Unit is in the possession of Lessee and no matter where it is located.

Section 7. Insurance.

The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained, property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by the Lessee or any affiliate in respect of similar equipment owned or operated by it or its affiliate. If Lessee shall sublease any of the Units and be a named insured or loss payee under any policy of insurance carried by any sublessee with respect to any Unit, Lessee shall require sublessee to also name Lessor as an additional insured, and Lessee agrees to assign to Lessor in form satisfactory to Lessor any rights Lessee may have as loss payee under such policy.

Lessee agrees to notify all insurers of the Units of Lessor's interest in the Units. If the Lessor shall receive any proceeds of the property insurance or any condemnation payments and the Lessee shall have made full payment pursuant to Section 6 of this Lease without deduction for such property insurance proceeds or such condemnation payments, the Lessor shall pay such proceeds or condemnation payments to the Lessee up to an amount equal to the sum of (x) the Casualty Value with respect to a Unit paid by the Lessee, plus (y) the reasonable expenses of the Lessee (and a

reasonable profit thereon) incident to the handling of such proceeds or payments. Any balance of such proceeds or condemnation payments shall remain the property of the Lessor. All property insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

All public liability insurance shall name Lessor and Lessee as insureds and shall be primary without right of contribution from any other insurance carried by Lessor. Lessee shall deliver to Lessor on or before the Deliver Date of each Unit evidence reasonably satisfactory to Lessor of all such liability insurance.

Lessee shall give Lessor prompt written notice of any pending cancellation or material modification of any policy of insurance upon learning of such modification or cancellation from any insurers.

Section 8. Default.

8.1 If, during the term of this Lease, one or more of the following events ("Events of Default") shall occur:

(a) Default shall be made by Lessee in the making of any payments to Lessor when due hereunder and such default shall continue for a period of ten days;

(b) Any representation or warranty of Lessee contained herein or in any document furnished to Lessor in connection herewith shall be known to be untrue or incorrect in any material respect when made;

(c) Default shall be made in the observance or performance of any of the other covenants, conditions, agreements or warranties made by Lessee hereunder and such default shall continue for thirty (30) days after written notice thereof to Lessee or, if less, beyond any time period expressly set by any judicial or administrative body having jurisdiction over Lessee;

(d) Lessee or Tiger Leasing Group, Inc. ("Guarantor") shall commit any affirmative act of insolvency, or file any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors; or

(e) Any involuntary petition shall be filed under any bankruptcy statute against Lessee or Guarantor, or any receiver or trustee shall be appointed to take possession of the properties of Lessee or Guarantor, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty days from the date of said filing or appointment;

then, in any such case, Lessor, at its option may:

(aa) proceed by appropriate court action or actions either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(bb) by notice in writing to Lessee terminate this Lease, whereupon all rights of Lessee to the use of the Units shall absolutely cease and terminate, but Lessee shall remain liable as hereinafter provided; and thereupon Lessor may by its agents enter upon the premises of Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold the same free from any right of Lessee, its successors or assigns, but Lessor shall, nevertheless, have a right to recover from Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Unit,

which represents the excess of (x) the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (y) the then present value of the rentals which Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case by discounting at a rate equal to the then judgment rate of interest fixed under the law of the State of California, compounded at the same frequency as rentals are paid hereunder, from the respective dates upon which rentals would have been payable hereunder had the Lease not been terminated, and (ii) any damages and expenses in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty contained in this Lease other than for the payment of rental.

8.2 In the event at any action at law or suit in equity in relation to this Lease, Lessee in addition to all other sums which Lessee may be required to pay, will, if Lessor prevails in such action or suit, pay to Lessor a reasonable sum for its attorneys' fees and all other costs and expenses of such action or suit.

8.3 The remedies hereunder provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity.

Section 9. Return of Units.

On or prior to the expiration of the term of this Lease or of any renewal term (hereinafter collectively "Expiration Date") or as soon as practicable on or after such Expiration Date and in any event not later than sixty (60) days after such Expiration Date the Lessee will, at its own cost and expense, at the request of the Lessor cause each Unit to be transported to such point or points on any lines of railroad or premises of Lessee or any affiliate of Lessee as shall be reasonably

designated by the Lessor immediately prior to such Expiration Date and arrange for the Lessor to store such Unit at such point or points for a period not exceeding sixty (60) days from the Expiration Date; the assembly, delivery, storage and transporting of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable except in the case of negligence or intentional act of the Lessee or of its employees or agents and, except to the extent otherwise provided by law, for any injury to or the death of any person exercising, either on behalf of the Lessor or any prospective purchaser or lessee, the rights of inspection granted under this sentence. The assembly, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Lessor pursuant to this Section 9 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, having at all times been maintained in accordance with Section 4 hereof, (ii) except as provided in Section 4 hereof, have attached or affixed thereto any part affixed or installed by Lessee and (iii) meet the standards then in effect under lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body then exercising power or jurisdiction over the Units, to the extent such rules affect title, operation or use of the Units. If any Unit suffers a Casualty Occurrence during any storage period provided for in this Section 9, the Lessee shall pay to the Lessor the Casualty Value of such Unit as determined in

accordance with Section 6 hereof. The Lessee shall pay rental at the rate of .0127% per day of the Purchase Price of any Unit not returned to the Lessor in accordance with this Section 9. Except as specifically required by the provisions of this Lease or under the indemnification provisions of the Schedule, after the expiration of the sixty (60) days storage period provided for in this Section 9, Lessee shall have no obligation to Lessor with respect to any Unit.

Section 10. Assignment.

All or any of the right, title or interest of Lessor in and to this Lease, and the rights, benefits and advantages of Lessor hereunder, including the rights to receive payment of rental or any other payment hereunder, and title to the Units, may be assigned or transferred by Lessor at any time but Lessee shall be under no obligation to any assignee except upon written notice of such assignment from Lessor. Any such assignment or transfer shall be subject and subordinate to the terms and provisions of this Lease and the rights and interests of Lessee hereunder. Except as provided for in Section 4 hereof, no assignment of this Lease or any right or obligation hereunder whatsoever may be made by Lessee or any assignee of Lessee without the prior written consent of Lessor, which shall not be unreasonably withheld.

Section 11. Further Assurances.

Lessee shall, at its expense, file and record this Lease and the Acceptance Supplement with the Interstate Commerce Commission in accordance with Section 20C of the Interstate Commerce Act prior to the Delivery Date of any Unit hereunder to which such documents relate, and do and perform any other act and execute, acknowledge, deliver, file, register and record any further instruments which Lessor may reasonably request in order to protect Lessor's title to the Units, this Lease, and the rights and benefits thereof.

Section 12. Late Payments.

Lessee shall pay to Lessor, on demand, interest at the rate of ten percent per annum on the amount of any payment not made when due hereunder from the date thereof until payment is made.

Section 13. Effect of Waiver.

No delay or omission to exercise any right, power or remedy accruing to Lessor upon any breach or default of Lessee hereunder shall impair any such right, power or remedy nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein or of or in any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of Lessor of any breach or default under this Lease must be in writing specifically set forth.

Section 14. Survival of Covenants.

All covenants of Lessee under Section 1, 2, 4, 5, 6, 8, 9 and 12 shall survive the expiration or termination of this Lease to the extent required for their full observance and performance.

Section 15. Lessee's Right of First Refusal.

15.1 Unless an Event of Default, or any event or condition which, upon notice or lapse of time, would constitute an Event of Default, shall have occurred and be continuing Lessor shall not, at any time after the end of the Lease term, sell, transfer or otherwise dispose of any Unit unless:

- (a) Lessor shall have received from a responsible purchaser a bona fide offer in writing to purchase such Unit, which offer is acceptable to Lessor;
- (b) Lessor shall have given Lessee notice (i) setting forth in

detail the identity of such purchaser, the proposed purchase price and the proposed date of purchase, and (ii) offering to sell the Unit to Lessee upon the same terms and conditions as those set forth in such notice; and

(c) Lessee, shall not have notified Lessor, within 20 days following receipt of such notice, of its election to purchase the Unit upon such terms and conditions as those set forth in such notice;

If Lessee shall not have so elected to purchase the Unit, Lessor may sell the Unit at a price and upon other terms and conditions no less favorable to Lessor than those specified in Lessor's notice to Lessee.

15.2 Any sale of a Unit or Units by Lessor to Lessee pursuant to this Section 15 shall be on the same terms and conditions as specified in the notice referred to in 15.1(b) above and shall take place within sixty (60) days of the date upon which Lessor accepts Lessee's offer to purchase the Unit or Units. Such sale shall be made without recourse to or warranty of Lessor.

Section 16. Applicable Law; Effect and Modification of Lease.

16.1 This Lease shall be governed by, and construed under the laws of the State of California.

16.2 This Lease exclusively and completely states the rights of Lessor and Lessee with respect to the leasing of the Units and supersedes all prior agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing.

Section 17. Financial Information.

Lessee shall keep its books and records in accordance with generally accepted accounting principles and practices consistently applied and shall deliver to Lessor the quarterly financial statements, annual audited financial statements, and

the annual report to stockholders of Tiger International, Inc. certified by a firm of independent public accountants, and such other audited and unaudited financial information or statements which may be available with respect to Guarantor or its parent corporation and such other unaudited financial information or statements of Lessee, as may be available and reasonably requested by by Lessor.

Lessee shall deliver to Lessor on or prior to March 31 of each year of the Lease term an annual report as to the physical condition of the Units as of the preceding December 31.

Section 18. Notices.

All demands, notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to a telegraph office, charges prepaid, addressed as follows:

To Lessor:

BameriLease, Inc.
P.O. Box 37070
San Francisco, California 94137

Attention: Documents Supervisor

To Lessee:

NAC Leasing Corporation
222 South Riverside Plaza
Chicago, Illinois 60606

Attention: President

or at such other address as may hereafter be furnished in writing by either party to the other.

Section 19. Counterparts.

Five counterparts of this Lease have been executed by the parties hereto. One counterpart has been prominently marked "Lessor's Copy". One counterpart has been prominently marked "Lessee's Copy". Only the counterpart marked "Lessor's Copy" shall evidence a monetary obligation of Lessee.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

BAMERILEASE INC.

By 

By 

NAC LEASING CORPORATION

By 

By 

(Seal)

STATE OF ILLINOIS ,)
) ss.:
COUNTY OF COOK ,)

On this 27th day of April 1978, before me personally appeared Eugene H. Crew, to me personally known, who, being by me duly sworn, says that he is President of NAC LEASING CORPORATION, and Robert N. Tidball to me personally known, who, being by me duly sworn, says that he is a Vice President of NAC LEASING CORPORATION, and together they said that the instrument was signed by them on behalf of the corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Wm J. Winkelman
Notary Public

(Notarial Seal)

My Commission Expires 7-3-82

STATE OF ILLINOIS ,)
) ss.:
COUNTY OF COOK *Madison*

On this 27th day of April 1978, before me personally appeared Stanley Luboff, to me personally known, who, being by me duly sworn say that he is a Leasing Officer of BAMERILEASE, INC., and Richard E. Michalik, to me personally known, who, being by me duly sworn, says that he is a Vice President of BAMERILEASE, INC., and together they said that the instrument was signed by them on behalf of the corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Mary Frances O'Connor
Notary Public

(Notarial Seal)

My Commission Expires

SCHEDULE

Section 1. Description of Units and Maximum Purchase Price.

<u>Description</u>	<u>Total Estimated Purchase Price</u>
19 Rebuilt GP-7 1500 HP	
GP-9 1750 HP Locomotives	\$3,420,000

The aggregate actual Purchase Price of all Units shall not exceed \$3,762,000 without the prior written consent of Lessor.

Section 2. Term.

The lease term for each Unit shall be 5 years commencing on the Delivery Date in respect thereof.

Section 3. Rental.

The rental for each Unit shall be paid in 10 consecutive semi-annual instalments commencing six months after the Delivery Date in respect thereto. Each semi-annual rental for each Unit shall be in an amount equal to 2.29% of the Purchase Price in respect thereto.

Section 4. Location.

Continental United States.

Section 5. Casualty Value.

The Casualty Value of each Unit as of each rental payment date in respect thereto shall be that percentage of the Purchase Price of such Unit as is set forth below opposite the number of rental payments in respect of such Unit which would have become due to and including such date.

<u>In lieu of Payment No.</u>	<u>Casualty Value (Percent of Purchase Price)</u>	<u>In lieu of Payment No.</u>	<u>Casualty Value (Percent of Purchase Price)</u>
1	37.92	6	29.60
2	36.35	7	27.79
3	34.73	8	25.93
4	33.06	9	24.06
5	31.35	10	22.29

Section 6. Tax Indemnification.

6.1 This Lease and the Lease Agreement dated as of April 5, 1978, between Lessor, as Lessor, and Chicago and North Western Transportation Company, as Lessee (the "CNW Lease") together hereinafter referred to as the "Leases", have been entered into upon the assumption that:

(a) The Leases will constitute true leases for federal income tax purposes.

(b) The Lessor shall be entitled to such deductions, credits and other tax benefits as are provided by federal, state and local law to an owner of property ("Tax Benefits") including, without limitation:

(i) The investment credit allowed by Section 38 and related sections of the Internal Revenue Code of 1954, as amended ("Code") in amount equal to ten percent (10%) of the reconstructed portion of the Purchase Price of the Units ("Reconstruction Cost")

(ii) The deduction for depreciation of the Units under various sections of the Code based upon (A) depreciation by Lessor over useful life of 12 years (as provided by the lower limit for assets includable in Asset Guideline Class 00.25 as published in Rev. Proc. 77-10), (B) salvage value equal to ten percent (10%) of the Purchase Price of the Units (after reduction as provided for in Section 167(f) of the Code), (C) utilization of the double declining balance method of depreciation switching to sum of the years digits method when most beneficial to the Lessor using an original basis equal to the Reconstruction Cost, and (D) utilization of the one hundred fifty percent (150%) declining balance method of depreciation switching to straight line for the nonreconstructed portion of the Purchase Price.

(c) The applicability throughout the term of the Leases of a federal income tax equal to the statutory rate applicable to Lessor on December 15, 1978, and a California Franchise tax rate (or any other applicable California tax based

on net income) equal to the statutory rate applicable to Lessor on December 15, 1978.

6.2 If Lessor shall lose, shall not have or shall lose the right to claim, or if there shall be disallowed or recaptured with respect to Lessor, all or any portion of the Tax Benefits as are provided to an owner of property with respect to any Unit ("Loss") as a direct result of any arrangement between Lessor and Lessee affecting this Lease or the CNW Lease provided that such Loss is not subject to indemnification under the CNW Lease, then on the next succeeding rental payment date (whether under the CNW Lease or this Lease), after written notice to Lessee by Lessor that a Loss has occurred, or if there be no such date, thirty days following such notice, Lessee shall pay Lessor, as additional rent, either computed as a lump sum payment or as future rental increases, at the option of the Lessor, an amount which, in the reasonable opinion of Lessor and after deduction of all taxes required to be paid by Lessor with respect to the receipt of such amount, will cause the Lessor's net after-tax return over the term of the Lease in respect of such Unit to equal the net after-tax return that would have been available if Lessor had been entitled to the utilization of all of the Tax Benefits.

For purposes of this Section 6.2, whenever it may be necessary to compute the amount of an indemnity payment with respect to a Loss for any purpose, such computation shall be made on the assumption that Lessor could have fully utilized the Tax Benefits and that the receipt by Lessor of any such indemnity payment will be subject to a federal income tax equal to the statutory rate applicable to Lessor on the date such indemnity is paid and a California Franchise tax rate (or any other applicable California tax based on net income) also equal to the statutory rate applicable to Lessor on the date such indemnity is paid.

6.3 For purposes of this Section 6, a Loss shall occur upon the earliest of (a) the happening of any event (such as disposition or change in use of any

Unit) which may cause such Loss, (b) the payment by Lessor to the Internal Revenue Service of the tax increase resulting from such Loss, or (c) the adjustment of the tax return of Lessor to reflect such Loss.

6.4 Upon receipt by Lessor of a written notification from a Federal or state taxing authority of a disallowance, a proposed disallowance or an adjustment for which an amount may be payable by Lessee as a result of a Loss in accordance with this Section 6 (hereafter called a "Disallowance"), Lessor shall promptly notify Lessee of said Disallowance after receipt of such written notification from the applicable taxing authority (which notice to Lessee shall include all relevant information relating to such Disallowance which may be particularly within the knowledge of Lessor, including but not limited to the assumptions and computations utilized by the Lessor in originally evaluating this Lease transaction and in determining such Loss).

Lessor shall contest such Disallowance if:

(i) Lessee requests Lessor to contest such Disallowance within twenty (20) days after Lessor has so notified Lessee and within forty-five (45) days thereafter independent tax counsel selected by Lessee and approved by Lessor ("Independent Tax Counsel"), which approval shall not be unreasonably withheld, renders a written opinion that there is a reasonable basis to contest such Disallowance; and

(ii) Lessee agrees to pay on demand all reasonable expenses, including, without limitation, the fees and disbursements of such Independent Tax Counsel, Lessor's special counsel, accountants, and investigators, paid or incurred by the Lessor in connection with contesting such claim.

The Lessor, at its sole option, may choose to forego any and all administrative appeals, proceedings, hearings and conferences with the relevant Taxing Authority in respect of such Disallowance; but if Lessor elects to forego

any of the preceding administrative remedies it shall contest the Disallowance in a court of competent jurisdiction selected by it at its sole option.

At all stages of any contest of a Disallowance, Lessor shall conduct the contest by any proceedings available under applicable law, regulation or court rules which, in its sole discretion, it determines to pursue, and shall determine in its sole and exclusive discretion whether (A) to petition for a redetermination of the deficiency proposed to be assessed by the taxing authority as a result of the Disallowance or (B) to pay the deficiency and institute an action in a court of competent jurisdiction for a refund of taxes paid.

If after actual receipt by Lessor of an amount paid by Lessee and attributable to a Loss of Tax Benefits, the extent of such Loss shall be established by the final judgment or decree of a court or administrative agency having jurisdiction thereof or a settlement with the consent of Lessee, within thirty (30) days, Lessor shall pay to Lessee all or the portion of the amount received by Lessor and paid by Lessee with respect to such Loss which Lessor did not incur because of such final judgment or compromise. Notwithstanding the foregoing, Lessor shall not be required to make any payment hereunder so long as an Event of Default (or an event which with the passage of time or notice or both would constitute an Event of Default) shall have occurred and be continuing.

6.5 All of the Lessor's rights and privileges arising from the indemnities contained in this Section 6 shall survive the expiration or other termination of this Lease.

6.6 For purposes of this Section 6, the term "Lessor" shall include any affiliated group (within the meaning of Section 1504 of the Code) of which Lessor is a member for any year in which a consolidated income tax return is filed for such affiliated group.

Section 7. Renewal Options.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not more than six (6) months and not less than three (3) months prior to the end of the original term or any extended term of this Lease with respect to any Unit, as the case may be, (i) elect to extend the term of this Lease in respect of any of such Unit then covered by this Lease, for additional two (2) year periods commencing on the scheduled expiration of the original term or any extended term of this Lease with respect to any such Unit, as the case may be, provided that no such extended term extends beyond the date which is four (4) years after the expiration date of the original term of this Lease with respect to any such Unit at a "Fair Rental Value" payable in semi-annual payments in arrears.

Fair Rental Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. If on or before three (3) months prior to the expiration of the term of this Lease with respect to any such Unit, Lessor and Lessee are unable to agree upon a determination of the Fair Rental Value of any such Unit, such value shall be determined in accordance with the foregoing definition by the American Appraisal Company or its successor (hereinafter called the "Appraiser"). The Appraiser shall be instructed to make such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

Section 8. Early Termination.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, Lessee shall have the right at its option, during the initial term on at least sixty (60) days' prior written notice to Lessor, to terminate this Lease with respect to any or all of the Units subject to this Lease on a day or days when a rental payment in respect of each such Unit is due (hereinafter for purposes of this paragraph called with respect to each such Unit the ("Termination Date")), specified in such notice, provided that Lessee shall have made a good faith determination that the Units are obsolete or surplus to Lessee's requirements. During the period from the giving of such notice until the Termination Date, Lessee as agent for Lessor shall use its best efforts to obtain bids for the purchase of such obsolete or surplus Unit described in such notice. Lessee shall certify to Lessor in writing the amount and terms of each bid received by Lessee and the name and address of the party (who shall not be Lessee or any person, firm or corporation affiliated or a shareholder of Lessee) submitting such bid. On each such Termination Date, Lessor shall, without recourse or warranty, sell such Unit for cash to the bidder who shall have submitted the highest bid prior to such date. The total sale price realized at such sale shall be retained by Lessor and, in addition, on each such Termination Date, Lessee shall pay to Lessor the excess, if any, of the Termination Value, as defined below, for the Unit computed as of such date, over the sale price of the Unit sold by Lessor after all expenses incurred by Lessor in connection with such sale. The Termination Value with respect to any Unit as of each rental payment date in respect thereto shall be that percentage of the Purchase Price of such Unit as is set forth below opposite the relevant date. If no sale shall have occurred on or as of the Termination Date, this Lease shall continue in full force and effect as to the Unit; provided, however, that Lessee may subsequently terminate, or attempt to terminate, this Lease in respect

of any Unit pursuant to this paragraph during the remaining term. In the event of any such sale and upon compliance by Lessee with the provisions of this paragraph, the obligation of Lessee to pay rent hereunder with respect to such Unit after the Termination Date shall cease and the term for such Unit shall end on the Termination Date.

BAMERILEASE, INC.

By

By

NAC LEASING CORPORATION

By

By

(Seal)

EXHIBIT A TO SCHEDULE

<u>In lieu of Payment No.</u>	<u>Termination Value (Percent of Purchase Price)</u>
1	27.92
2	26.35
3	24.73
4	23.06
5	21.35
6	19.60
7	17.79
8	15.93
9	14.06
10	12.29

ACCEPTANCE SUPPLEMENT

Reference is made to the Lease Agreement dated as of April 5, 1978, between BameriLease, Inc., as Lessor, and NAC Leasing Corporation, as Lessee. The terms used herein shall have the same meaning as such terms have in such Lease Agreement.

The undersigned certifies that the following Units have been accepted by Lessee for leasing under the Lease, that such Units have become subject to and governed by the provisions of the Lease, and that Lessee is obligated to pay the rentals and all other sums provided for in the Lease with respect to such Units.

Description of Units

Identifying Number

Purchase Price

Total Purchase Price

\$

The Delivery Date in respect of such Units is

IN WITNESS WHEREOF, the undersigned has executed this Acceptance Supplement as of the Delivery Date set forth above.

NAC LEASING CORPORATION

By _____

Interstate Commerce Commission

Washington, D.C. 20423

5/16/78

OFFICE OF THE SECRETARY


Lawrence R. Grant
NAC Leasing Corp.
222 South Riverside Plaza
Chicago, Illinois 60606

Dear

Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 5/16/78 at 2:50pm and assigned recordation number(s) 9382

Sincerely yours,


H.G. Homme, Jr.
Acting Secretary

Enclosure(s)

SE-30-T
(6/77)